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Legend:

Distributing =

Controlled =

NewHoldCo 1 =

NewHoldCo 2 =

NewHoldCo 3 =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 4 =

Sub 5 =

Sub 6 =

Sub 7 =

Sub 8 =

Business A =

Business B =

jurisdiction y =

jurisdiction z =

£a =

Currency a =

Business A Group =

Business B Group =

Debt c =

Debt d =

e =

Dear :

This letter responds to your June 23, 2006, letter requesting rulings on certain federal income tax consequences of the "Transaction" defined below. The information provided in that letter and in later correspondence is summarized below.

The rulings contained in this letter are based on facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the materials submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process. Moreover, no information provided by the taxpayer has been reviewed and no determination has been made regarding, whether the Transaction: (i) satisfies the business purpose requirement of § 1.355-2(b) of the Income Tax Regulations; (ii) is used principally as a device for the distribution of the earnings and profits of the distributing corporation or the controlled corporation or both (see § 355(a)(1)(B) of the Internal Revenue Code ("Code") and § 1.355-2(d)); or (iii) is part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in the distributing corporation or the controlled corporation (see § 355(e) and § 1.355-7).

Summary of Facts

Distributing, a foreign corporation, was the parent of a corporate group which included domestic and foreign corporations engaged in various businesses including Business A and Business B (the "Distributing Group"). Distributing had one class of stock outstanding which was widely held by both foreign and domestic public shareholders.

We have received financial information indicating that Business A and Business B have had gross receipts and operating expenses representative of the active conduct of a trade or business for each of the past five years.

Distributing determined, for valid business reasons, to separate Business A and Business B by means of a jurisdiction y de-merger which is described below. Specifically, the separation was intended to (i) facilitate the raising of capital on the public markets through a public offering involving NewHoldCo 1 (a newly-formed jurisdiction z holding company, which indirectly conducts Business B); (ii) increase the aggregate stock value of Business A and Business B following the separation as compared to the combined stock value of both businesses prior to the separation thereby enabling each business to more efficiently acquire needed assets and needed services with its stock; and (iii) enhance the ability of the two businesses to attract, retain, and properly incentivize key employees.

To facilitate the separation of the business, Distributing engaged in an internal "Preliminary Restructuring." After the Preliminary Restructuring, and immediately prior to the Transaction, Distributing owned 100 percent of the issued and outstanding stock of each of Sub 1 and Sub 2, each a foreign corporation. Sub 1 owned 100 percent of the issued and outstanding stock of Sub 3, a foreign corporation. Sub 3 owned 100

percent of the issued and outstanding stock of Sub 4, also a foreign corporation. Sub 4 directly conducted Business A. Sub 2 owned all of the issued and outstanding stock of Sub 5. Sub 5 owned all of the issued and outstanding stock of Sub 6. Sub 6 owned all of the issued and outstanding stock of Sub 7. Sub 7 owned all of the issued and outstanding stock of Sub 8. Sub 8 directly conducted Business B. Sub 5, Sub 6, Sub 7, and Sub 8 were and are foreign corporations.

Transaction

To accomplish the stated business purposes, Distributing completed the following steps which included the jurisdiction y de-merger (collectively the "Transaction").

1. NewHoldCo 1 was incorporated by a party unconnected to the Distributing Group.
2. New HoldCo 2 was incorporated by a party unrelated to the Distributing Group.
3. Controlled was incorporated by NewHoldCo 2.
4. Distributing reclassified one authorized but unissued ordinary share as a "deferred" share and issued it to NewHoldCo 1.
5.
 - (i) Distributing canceled all of its ordinary shares in, except for the single deferred share issued above in Step 4 to NewHoldCo 1, pursuant to the laws of jurisdiction y.
 - (ii) Distributing issued new ordinary shares to NewHoldCo 1.
 - (iii) NewHoldCo 1 issued ordinary shares to the former shareholders of Distributing in the same proportion as the shareholders of Distributing previously held shares in Distributing.
6.
 - (i) Sub 1 canceled its shares then held by Distributing, by way of a reduction in capital pursuant to the laws of jurisdiction y.
 - (ii) Sub 1 issued new ordinary shares to Controlled. The number of shares issued and their par value are the same as the shares canceled in step 6(i) above.
 - (iii) Controlled issued new ordinary shares to NewHoldCo 1 (at the direction of Distributing). The number of shares issued and their par value are the same as the shares issued in step 6(ii) above.

7. (i) Controlled canceled its existing shares held by NewHoldCo 1 by way of a reduction in capital pursuant to the laws of jurisdiction y.

(ii) Controlled issued new ordinary shares to NewHoldCo 2. The number of shares issued and their par value are the same as the shares canceled in step 7(i) above.

(iii) NewHoldCo 1 completed a separate share capital reduction pursuant to the laws of jurisdiction z by an amount equal to the value of the canceled shares of Controlled and an additional amount for the purpose of creating new distributable reserves for utilization following the de-merger.

(iv) NewHoldCo 2 issued shares to the shareholders of NewHoldCo 1 (the former Distributing shareholders) equal to the value of the canceled shares in Controlled. The NewHoldCo 2 shares were issued in exchange for the Controlled shares. These shares were issued on a pro rata basis to the shareholders of NewHoldCo 1 in accordance with their shareholdings in NewHoldCo 1.

8. (i) Two shares of Distributing were issued and transferred to directors to hold as nominees of NewHoldCo 1 (for local law purposes).

(ii) Distributing held a meeting to approve step 8(iii) below.

(iii) Distributing reclassified an authorized, but unissued, share of stock as an "income access share" ("IAS"). The IAS was then settled into trust by NewHoldCo 1. The IAS was immediately transferred by NewHoldCo 1 to a jurisdiction y trust (the "Trust"). The trustee of the Trust is a trustee company (the "Trustee"). The beneficiary of the Trust is a charitable organization unrelated to Distributing. No rights are conferred on the Trustee or applicable shareholders of NewHoldCo 1 to receive a dividend from Distributing. The IAS carries a right to one vote at any Distributing shareholder meeting. The liquidation rights of the IAS are limited to repayment of its nominal par value. The purpose of this Step 8 (iii) was to put in place an arrangement which preserves the current jurisdiction y tax treatment of dividends paid to Distributing shareholders in jurisdiction y with respect to future dividends paid by NewHoldCo 1. The IAS arrangement provides that each registered holder of ordinary shares in NewHoldCo 1 on the dividend record date who has made or who has been automatically treated as having made a valid election, will be entitled to receive from the Trustee an amount equal to the dividend they would have received from NewHoldCo 1 to the extent that the Trustee has actually received an amount by way of a dividend from Distributing. In practice, Distributing will pay the dividend directly to NewHoldCo 1 shareholders on behalf of the Trustee. Pursuant to the IAS arrangement, the shareholders of NewHoldCo 1 will have the ability to effectively elect jurisdiction y sourcing for the equivalent of future NewHoldCo1 dividends.

9. NewHoldCo 2 applied to jurisdiction y for approval to make a reduction of capital for the purposes of creating new distributable reserves for utilization following the de-merger.

10. NewHoldCo 1 transferred its holdings in Distributing to NewHoldCo 3, a newly formed foreign corporation, in exchange for common shares in NewHoldCo 3.

No fractional shares were issued in any of the steps of the Transaction. All inter-corporate indebtedness between entities conducting Business A and Business B was extinguished, except for Debt c and Debt d which will be extinguished within e months.

Representations

The following representations are made with respect to the Transaction:

Contribution and Distribution

(a) Distributing, Controlled, and the shareholders of Distributing each have paid or will pay its or their own expenses, if any, incurred in connection with the Distribution (as defined below).

(b) The Distribution is not part of a plan or a series of related transactions (within the meaning of § 1.355-7) pursuant to which one (1) or more persons will acquire, directly or indirectly, stock representing a 50 percent or greater interest (within the meaning of § 355(d)(4)) in Distributing or Controlled (including any predecessor or successor of any such corporation).

(c) Any indebtedness owed between Controlled and Distributing described in Representation (d) below, will not constitute "stock or securities."

(d) Other than, Debt c, Debt d, and trade account indebtedness created in the ordinary course of business through continuing transactions at terms comparable to those which could be obtained in an arm's length transaction, and payables created for all transitional services negotiated at arm's length, no inter-corporate debt existed between Distributing and Controlled at the time of or after the Distribution.

(e) No part of the consideration distributed by Distributing in the Distribution was received by a Distributing shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing.

(f) Distributing and Controlled, pursuant to § 355(b)(3), treated all members of its respective affiliated group ("SAG") as one corporation in determining whether it met the requirements of § 355(b)(2)(A) regarding an active trade or business.

(g) No person holds a 50% or greater interest in the stock of Distributing or Controlled, after the Distribution, within the meaning of § 355(g), who did not hold such an interest immediately before the transaction.

(h) The five (5) years of financial information submitted on behalf of the business conducted by Sub 8 (a member of Distributing's SAG) is representative of Sub 8's present operations, and with regard to Sub 8, there have been no substantial operational changes since the date of the last financial statements submitted.

(i) The five (5) years of financial information submitted on behalf of the business conducted by Sub 4 (a member of Controlled's SAG) is representative of Sub 4's present operations, and with regard to Sub 4, there have been no substantial operational changes since the date of the last financial statements submitted.

(j) Following the Distribution, the Distributing SAG and the Controlled SAG have and will continue the active conduct of their respective businesses, independently and with their separate employees.

(k) Following the Distribution, Distributing may provide the entities conducting Business A with transitional services for a period not expected to exceed 24 months. Distributing's post Distribution transitional services will include tax compliance, pension and insurance services. Any compensation for such services provided by Distributing to Business A (including its affiliated entities conducting Business A) will be based on the total allocated costs incurred by Distributing.

(l) The Distribution was carried out for the following corporate business purposes: (i) facilitating the raising of capital on the public markets through a public offering involving NewHoldCo 1, (ii) increasing the aggregate stock value of the Business A and Business B following the Transaction as compared to the combined stock value of both businesses prior to the Transaction thereby enabling each business to more efficiently acquire needed assets and services with its stock, and (iii) to enhance the ability of the two businesses to attract, retain and properly incentivize key employees. The Distribution is motivated, in whole or substantial part, by these corporate business purposes.

(m) The Distribution was not used principally as a device for the distribution of the earnings and profits of Distributing or Controlled or both.

(n) For purposes of § 355(d), immediately after the Distribution no person (determined after applying § 355(d)(7)) holds stock possessing 50 percent or more of the total combined voting power of all classes of Distributing stock entitled to vote or 50 percent or more of the total value of shares of all classes of Distributing stock that was

acquired by purchase (as defined in § 355(d)(5) and (8)) during the five (5) year period (determined after applying § 355(d)(6)) ending on the date of the Distribution.

(o) For purposes of § 355(d), immediately after the Distribution no person (determined after applying § 355(d)(7)) holds stock possessing 50 percent or more of the total combined voting power of all classes of Controlled stock entitled to vote or 50 percent or more of the total value of shares of all classes of Controlled stock that was either (i) acquired by purchase (as defined in § 355(d)(5) and (8)) during the five (5) year period (determined after applying § 355(d)(6)) ending on the date of the Distribution or (ii) attributable to distributions on the Distributing stock that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five (5) year period (determined after applying § 355(d)(6)) ending on the date of the Distribution.

(p) The total adjusted bases and the fair market value of the assets transferred to Controlled by Distributing in the Contribution (as defined below) equaled or exceeded the sum of the liabilities assumed, if any, (as determined under § 357(d)) by Controlled in the Contribution. The fair market value of the assets of Controlled exceeds the amount of its liabilities immediately after the exchange.

(q) No liabilities of Distributing were assumed by Controlled in the Contribution.

(r) Payments made in connection with all continuing transactions, if any, between Distributing and Controlled will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

(s) No two parties to the Distribution were investment companies as defined in §368(a)(2)(F)(iii) and (iv).

(t) The total fair market value of assets transferred by Distributing to Controlled in the contribution equaled or exceeded the aggregate adjusted tax basis of the transferred assets.

(u) At all times relevant to the Distribution, no U.S. shareholder of Distributing owned 5% or more of Distributing by value.

(v) No direct ownership interest of any of the U.S. companies which are owned indirectly by Distributing and which are all members of a consolidated group for U.S. federal income tax purposes changed in connection with the Distribution.

Business B Contribution 1

(w) Pursuant to the Business B Contribution 1 (as defined below), the Distributing shareholders who received NewHoldCo 1 common stock received their

NewHoldCo 1 common stock in exchange for the transfer or cancellation of their Distributing common stock.

(x) In connection with the Business B Contribution 1, no stock or securities was issued for services rendered to or for the benefit of NewHoldCo 1.

(y) In connection with the Business B Contribution 1, no stock was issued for indebtedness of NewHoldCo 1 that was not evidenced by a security or for interest on indebtedness of NewHoldCo 1 that accrued on or after the beginning of the holding period for the debt.

(z) No income items, interests in or assets of a partnership, patents or patent applications, copyrights, franchises, trademarks or trade names, "technical know how," or accounts receivable was transferred to NewHoldCo 1 pursuant to the Business B Contribution 1.

(aa) The Business B Contribution 1 was not the result of the solicitation by a promoter, broker or investment house.

(bb) The shareholders of Distributing did not retain any rights in their Distributing common stock transferred to NewHoldCo 1.

(cc) No debt relating to the Distributing common stock transferred was assumed by NewHoldCo 1 in the Business B Contribution 1.

(dd) The adjusted basis and the fair market value of the assets transferred by the shareholders of Distributing to NewHoldCo 1 pursuant to the Business B Contribution 1 equaled or exceeded the sum of the liabilities assumed by NewHoldCo 1, if any, plus any liabilities to which such assets were or are subject.

(ee) NewHoldCo 1 did not assume any liabilities of the shareholders of Distributing.

(ff) If § 362(e)(2) is applicable to the Business B Contribution 1, NewHoldCo 1 will not make the election described in § 362(e)(2)(C), as supplemented by IRS guidance set forth in Notice 2005-70, 2005-41 IRB 694, to reduce the basis of the NewHoldCo 1 stock received by the Distributing shareholders.

(gg) There is no indebtedness between NewHoldCo 1 and the shareholders of Distributing and no indebtedness was or will be created in favor of the shareholders of Distributing as a result of the Business B Contribution 1.

(hh) The Business B Contribution 1 occurred pursuant to a plan agreed upon before the transaction in which the rights of the parties are defined.

(ii) All exchanges in connection with the Business B Contribution 1 occurred on approximately the same date.

(jj) To the knowledge of Distributing, NewHoldCo 1, and their respective representatives, there is no plan or intention on the part of any Transferor to dispose of any NewHoldCo 1 stock received pursuant to the Business B Contribution 1.

(kk) There is no plan or intention on the part of NewHoldCo 1 to redeem or otherwise reacquire any stock to be issued in the Business B Contribution 1.

(ll) Taking into account any issuance of additional shares of NewHoldCo 1 stock, any issuance of stock for services, the exercise of any NewHoldCo 1 stock rights, warrants, or subscriptions, a public offering of NewHoldCo 1 stock, and the sale, exchange, transfer by gift or other disposition of any of the stock of NewHoldCo 1 to be received in the Business B Contribution 1, the shareholders of Distributing are in “control” of NewHoldCo 1 within the meaning of § 368(c).

(mm) The shareholders of Distributing received stock in NewHoldCo 1 approximately equal to the fair market value of the property transferred to NewHoldCo 1 in the Business B Contribution 1.

(nn) NewHoldCo 1 will remain in existence and retain and use the property transferred to it pursuant to the Business B Contribution 1, in a trade or business.

(oo) There is no plan or intention by NewHoldCo 1 to dispose of the assets transferred to it pursuant to the Business B Contribution 1, other than in the normal course of business operations.

(pp) Each of the shareholders of Distributing, Distributing, and NewHoldCo 1 paid or will pay its or their own expenses, if any, incurred in connection with the Business B Contribution 1.

(qq) NewHoldCo 1 was not an investment company within the meaning of § 351(e)(1) and Treas. Reg. § 1.351-1(c)(1)(ii) immediately after the Business B Contribution 1.

(rr) NewHoldCo 1 is not eligible to make an election under § 1362(a) to be taxed as a “small business corporation” as defined in § 1361(a).

(ss) To the knowledge of NewHoldCo 1, Distributing and their representatives, no shareholders of Distributing are under the jurisdiction of a court in a Title 11 or similar case (within the meaning of § 368(a)(3)(A)) and the stock or securities received in the exchange will not be used to satisfy the indebtedness of such debtor.

(tt) NewHoldCo 1 was not a "personal service corporation" within the meaning of § 269A.

(uu) The Business B Contribution 1 step of the Transaction allowed the Distributing Group to relocate to the most appropriate jurisdiction for a stand alone Business B and to manage non-U.S. taxation.

(vv) The commercial purposes of the Income Access Share Trust do not include U.S. tax mitigation nor any commercial activities apart from ministerial activities related to these non-U.S. tax purposes.

Business A Contribution

(ww) Pursuant to the Business A Contribution (as defined below), the Distributing shareholders who received NewHoldCo 2 stock received their stock in exchange for the transfer or cancellation of their Controlled common stock.

(xx) In connection with the Business A Contribution, no stock or securities were issued for services rendered to or for the benefit of NewHoldCo 2.

(yy) In connection with the Business A Contribution, no stock was issued for indebtedness of NewHoldCo 2 that was not evidenced by a security or for interest on indebtedness of NewHoldCo 2 that accrued on or after the beginning of the holding period for the debt.

(zz) No income items, interests in or assets of a partnership, patents or patent applications, copyrights, franchises, trademarks or trade names, "technical know how," or accounts receivable were transferred to NewHoldCo 2 pursuant to the Business A Contribution.

(aaa) The Business A Contribution was not the result of the solicitation by a promoter, broker or investment house.

(bbb) The shareholders of Controlled did not retain any rights in their Controlled common stock transferred to NewHoldCo 2.

(ccc) No debt relating to the Controlled common stock transferred was assumed by NewHoldCo 2 in the Business A Contribution.

(ddd) The adjusted basis and the fair market value of the assets transferred by the shareholders of Controlled to NewHoldCo 2 pursuant to the Business A Contribution equaled or exceeded the sum of the liabilities assumed by NewHoldCo 2, if any, plus any liabilities to which such assets were and are subject.

(eee) NewHoldCo 2 did not assume any liabilities of the shareholders of Controlled in the Business A Contribution.

(fff) If § 362(e)(2) is applicable to the Business A Contribution, NewHoldCo 2 will not make the election described in § 362(e)(2)(C), as supplemented by IRS guidance set forth in Notice 2005-70, 2005-41 IRB 694, to reduce the basis of the NewHoldCo 2 stock received by the Controlled shareholders.

(ggg) There is no indebtedness between NewHoldCo 2 and the shareholders of Controlled and no indebtedness was or will be created in favor of the shareholders of Controlled as a result of the Business A Contribution.

(hhh) The Business A Contribution occurred pursuant to a plan agreed upon before the transaction in which the rights of the parties are defined.

(iii) All exchanges in connection with the Business A Contribution occurred on approximately the same date.

(jjj) To the knowledge of Controlled, NewHoldCo 2, and their respective representatives, there is no plan or intention on the part of any transferor to dispose of any of the stock of NewHoldCo 2 received pursuant to the Business A Contribution.

(kkk) There is no plan or intention on the part of NewHoldCo 2 to redeem or otherwise reacquire any stock to be issued in the Business A Contribution.

(III) Taking into account any issuance of additional shares of NewHoldCo 1 stock, any issuance of stock for services, the exercise of any NewHoldCo 2 stock rights, warrants, or subscriptions, a public offering of NewHoldCo 2 stock, and the sale, exchange, transfer by gift or other disposition of any of the stock of NewHoldCo 2 received in the Business A Contribution, the shareholders of Controlled are in "control" of NewHoldCo 2 within the meaning of § 368(c).

(mmm) The shareholders of Controlled received stock in NewHoldCo 2 approximately equal to the fair market value of the property transferred to NewHoldCo 2 in the Business A Contribution.

(nnn) NewHoldCo 2 will remain in existence and retain and use the property transferred to it pursuant to the Business A Contribution, in a trade or business.

(ooo) There is no plan or intention by NewHoldCo 2 to dispose of the assets transferred to it pursuant to the Business A Contribution, other than in the normal course of business operations.

(ppp) Each of the shareholders of Controlled, Controlled, and NewHoldCo 2 paid or will pay its or their own expenses, if any, incurred in connection with the Business A Contribution.

(qqq) NewHoldCo 2 was not an investment company within the meaning of § 351(e)(1) and Treas. Reg. § 1.351-1(c)(1)(ii) immediately after the Business A Contribution.

(rrr) NewHoldCo 2 is not eligible to make an election under § 1362(a) to be taxed as a "small business corporation" as defined in § 1361(a).

(sss) To the knowledge of NewHoldCo 2, Controlled, and their representatives, no shareholders of Controlled are under the jurisdiction of a court in a Title 11 or similar case (within the meaning of § 368(a)(3)(A)) and the stock or securities received in the exchange will not be used to satisfy the indebtedness of such debtor.

(ttt) NewHoldCo 2 was not a "personal service corporation" within the meaning of § 269A.

(uuu) The Business Contribution A step of the Transaction allowed the Distributing Group to relocate to the most appropriate jurisdiction for a stand alone Business A and to manage non-U.S. taxation.

Business B Contribution 2

(vvv) Pursuant to the Business B Contribution 2, NewHoldCo 1 received its NewHoldCo 3 common stock in exchange for the transfer or cancellation of its Distributing common stock.

(www) In connection with the Business B Contribution 2, no stock or securities were issued for services rendered to or for the benefit of NewHoldCo 3.

(xxx) In connection with the Business B Contribution 2, no stock was issued for indebtedness of NewHoldCo 3 that was not evidenced by a security or for interest on indebtedness of NewHoldCo 3 that accrued on or after the beginning of the holding period for the debt.

(yyy) No income items, interests in or assets of a partnership, patents or patent applications, copyrights, franchises, trademarks or trade names, "technical know how," or accounts receivable were transferred to NewHoldCo 3 pursuant to the Business B Contribution 2.

(zzz) The Business B Contribution 2 was not the result of the solicitation by a promoter, broker or investment house.

(aaaa) NewHoldCo 1 did not retain any rights in its Distributing common stock transferred to NewHoldCo 3.

(bbbb) No debt relating to the Distributing common stock transferred was assumed by NewHoldCo 3 in the Business B Contribution 2.

(cccc) The adjusted basis and the fair market value of the assets transferred by NewHoldCo 1 to NewHoldCo 3 pursuant to the Business B Contribution 2 equaled or exceeded the sum of the liabilities assumed by NewHoldCo 3, if any, plus any liabilities to which such assets were or are subject.

(dddd) NewHoldCo 3 did not assume any liabilities of NewHoldCo 1 in the Business B Contribution 2.

(eeee) If § 362(e)(2) is applicable to the Business B Contribution 2, NewHoldCo 3 will not make the election described in § 362(e)(2)(C), as supplemented by IRS guidance set forth in Notice 2005-70, 2005-41 IRB 694, to reduce the basis of the NewHoldCo 3 stock received by NewHoldCo 1.

(ffff) There is no indebtedness between NewHoldCo 3 and NewHoldCo 1 and no indebtedness was or will be created in favor of NewHoldCo 1 as a result of the Business B Contribution 2.

(gggg) The Business B Contribution 2 occurred pursuant to a plan agreed upon before the transaction in which the rights of the parties are defined.

(hhhh) All exchanges in connection with the Business B Contribution 2 occurred on approximately the same date.

(iiii) To the knowledge of NewHoldCo 1, NewHoldCo 3 and their respective representatives, there is no plan or intention on the part of NewHoldCo 1 to dispose of any NewHoldCo 3 stock received pursuant to the Business B Contribution 2.

(jjjj) There is no plan or intention on the part of NewHoldCo 1 to redeem or otherwise reacquire any stock to be issued in the Business B Contribution 2.

(kkkk) Taking into account any issuance of additional shares of NewHoldCo 3 stock, any issuance of stock for services, the exercise of any NewHoldCo 3 stock rights, warrants, or subscriptions, a public offering of NewHoldCo 3 stock, and the sale, exchange, transfer by gift or other disposition of any of the stock of NewHoldCo 3 received in the Business B Contribution 2, NewHoldCo 1 is in "control" of NewHoldCo 3 within the meaning of § 368(c).

(llll) NewHoldCo 1 received stock in NewHoldCo 3 approximately equal to the fair market value of the property transferred to NewHoldCo 3 in the Business B Contribution 2.

(mmmm) NewHoldCo 3 will remain in existence and retain and use the property transferred to it pursuant to the Business B Contribution 2, in a trade or business.

(nnnn) There is no plan or intention by NewHoldCo 3 to dispose of the assets transferred to it pursuant to the Business B Contribution, other than in the normal course of business operations.

(oooo) Each of NewHoldCo 1 and NewHoldCo 3, paid or will pay its own expenses, if any, incurred in connection with the Business B Contribution 2.

(pppp) NewHoldCo 3 was not an investment company within the meaning of § 351(e)(1) and Treas. Reg. § 1.351-1(c)(1)(ii) immediately after the Business B Contribution 2.

(qqqq) NewHoldCo 3 is not eligible to make an election under § 1362(a) to be taxed as a "small business corporation" as defined in § 1361(a).

(rrrr) To the knowledge of NewHoldCo 3 and NewHoldCo 1, NewHoldCo 1 is not under the jurisdiction of a court in a Title 11 or similar case (within the meaning of § 368(a)(3)(A)) and the stock or securities received in the exchange will not be used to satisfy the indebtedness of such debtor.

(ssss) NewHoldCo 3 was not be a "personal service corporation" within the meaning of § 269A.

(tttt) The Business B Contribution 2 step of the Transaction allowed the Distributing Group to relocate to the most appropriate jurisdiction for a stand alone Business B and to manage non-U.S. taxation.

Rulings

Based solely on the information submitted and the representations made, we rule as follows on the Transaction:

Contribution and Distribution

- 1) For U.S. federal income tax purposes, notwithstanding the order of Steps 5, 6, and 7, the Transaction is treated as if (i) Distributing formed Controlled, (ii) Distributing transferred the stock of Sub 1 to Controlled in exchange for all of the stock of Controlled (the "Contribution"), (iii) Distributing distributed the

stock of Controlled to its shareholders (the “Distribution”) (cf. Rev. Rul. 77-191, 1977-1 C.B. 94), (iv) the shareholders of Distributing contributed the stock of Controlled to NewHoldCo 2 solely in exchange for NewHoldCo 2 shares (the “Business A Contribution A”) and (v) the shareholders of Distributing contributed the stock of Distributing to NewHoldCo 1 solely in exchange for NewHoldCo 1 shares (the “Business B Contribution 1”) (c.f., Rev. Rul. 80-239).

- 2) The Contribution followed by the Distribution is a reorganization within the meaning of § 368(a)(1)(D) of the Code. Distributing and Controlled are each “a party to a reorganization” within the meaning of § 368(b).
- 3) No gain or loss is recognized by Distributing on the Contribution (§ 361(a)).
- 4) No gain or loss is recognized by Controlled on the Contribution (§ 1032(a)).
- 5) Controlled’s basis in each asset received in the Contribution is equal to the basis of that asset in the hands of Distributing immediately before the transfer (§ 362(b)).
- 6) Controlled’s holding period in each asset received in the Contribution includes the period during which that asset was held by Distributing (§ 1223(2)).
- 7) No gain or loss is recognized by Distributing on the Distribution (§ 361(c)).
- 8) The Distributing shareholders do not recognize any gain or loss (and do not otherwise include any amount in income) on their receipt of the Controlled stock (§ 355(a)(1)).
- 9) Each Distributing shareholder’s basis in a share of Distributing stock (as adjusted under § 1.358-1) is allocated between the share of Distributing stock with respect to which the Distribution was made and the share or shares of Controlled stock (or allocable portions thereof) received with respect to the share of Distributing stock in proportion to their fair market values in accordance with Treas. Reg. § 1.358-2(a)(2) (§§ 358(b) and 358(c)).
- 10) Each Distributing shareholder’s holding period in the Controlled stock received includes the holding period of the Distributing stock with respect to which the distribution of the Controlled stock was made, provided that the Distributing stock was held as a capital asset on the date of the Distribution (§ 1223(1)).
- 11) Earnings and profits are allocated between Distributing and Controlled in accordance with Treas. Reg. §1.312-10(a).

Business B Contribution I

- 12) The Distributing shareholders do not recognize any gain or loss on the deemed transfer to NewHoldCo 1 of the stock of Distributing solely in exchange for NewHoldCo 1 stock (§ 351(a)).
- 13) Each Distributing shareholder's basis in the NewHoldCo 1 stock received in exchange for their Distributing stock is equal to the basis in the Distributing shares surrendered in exchange therefor (§ 358(a)).
- 14) Each Distributing shareholder's holding period in the NewHoldCo 1 stock received includes the holding period of the Distributing shares surrendered in exchange therefor, provided that the Distributing stock was held as a capital asset on the date of the Business B Contribution 1 (§ 1223(1)).
- 15) No gain or loss is recognized by NewHoldCo 1 on the Business B Contribution 1 (§ 1032(a)).
- 16) NewHoldCo 1 basis in the Distributing stock received is determined in accordance with § 362.
- 17) NewHoldCo 1's holding period in the Distributing stock received includes the holding period of those shares of stock in the hands of the Distributing shareholders (§ 1223(2)).
- 18) Given the limited purposes of the IAS and the limited authority granted to the trustees, the IAS arrangement is not a trust within the meaning of Treas. Reg. §301.7701-4(a), and therefore is disregarded. See generally Rev. Rul. 73-100, 1973-1 C.B. 309, and Rev. Rul. 76-265, 1976-2 C.B. 448 for illustrations of arrangements that do not constitute trusts.
- 19) For U.S. federal income tax purposes, the IAS share is disregarded and is considered merely a mechanical means of paying certain distributions on the Distributing stock.
- 20) Dividends paid to the holders of the NewHoldCo 1 stock (including dividends paid in respect of the NewHoldCo 1 stock through the IAS) are considered for U.S. federal income tax purposes to be distributions paid by NewHoldCo 1 to its shareholders with respect to its stock under § 301.

Business A Contribution

- 21) The Controlled shareholders do not recognize any gain or loss on the deemed transfer to NewHoldCo 2 of the stock of Controlled solely in exchange for NewHoldCo 2 stock (§ 351(a)).
- 22) Each Controlled shareholder's basis in the NewHoldCo 2 stock received in exchange for their Controlled stock is equal to the basis in such Controlled shares surrendered in exchange therefor (§ 358(a)).
- 23) Each Controlled shareholder's holding period in the NewHoldCo 2 stock received includes the holding period of the Controlled shares surrendered in exchange therefor, provided that the Controlled stock was held as a capital asset on the date of the Business A Contribution (§ 1223(1)).
- 24) No gain or loss is recognized by NewHoldCo 2 on the Business A Contribution (§ 1032(a)).
- 25) NewHoldCo 2's basis in the Controlled stock received is determined in accordance with § 362.
- 26) NewHoldCo 2's holding period in the Controlled stock includes the holding period of the shares of stock in the hands of the Controlled shareholders (§ 1223(2)).

Business B Contribution 2

- 27) NewHoldCo 1 does not recognize any gain or loss on the transfer to NewHoldCo 3 of the stock of Distributing solely in exchange for NewHoldCo 3 stock (§ 351(a)).
- 28) NewHoldCo 1's basis in the NewHoldCo 3 stock received in exchange for its Distributing stock equals the basis in the Distributing shares surrendered in exchange therefor (§ 358(a)).
- 29) NewHoldCo 1's holding period in the NewHoldCo 3 stock received includes the holding period of the Distributing shares surrendered in exchange therefor, provided that the Distributing stock was held as a capital asset on the date of the Business B Contribution 2 (§ 1223(1)).
- 30) No gain or loss is recognized by NewHoldCo 3 on the Business B Contribution 2 (§ 1032(a)).
- 31) NewHoldCo 3's basis in the Distributing shares received is determined in accordance with § 362.

- 32) NewHoldCo 3's holding period in the Distributing shares received includes the holding period of those shares of stock in the hands of NewHoldCo 1 (§ 1223(2)).

Caveats

We express no opinion about the tax treatment of the Transaction described above under other provisions of the Code and regulations, or the tax treatment of any condition existing at the time of, or effects resulting from, the Transaction that are not specifically covered by the above rulings. In particular, no opinion is expressed regarding: (i) whether the Transaction satisfies the business purpose requirement of § 1.355-2(b); (ii) whether the Transaction is used principally as a device for the distribution of the earnings and profits of Distributing, or Controlled or both of them; (iii) whether the Transaction is part of a plan (or series of related transactions) under § 355(e)(2)(A)(ii); (iv) the federal income tax consequences with respect to the Preliminary Restructuring or the public offering; and (iv) any international tax consequences of the Transaction.

Procedural Statements

This ruling letter is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Each taxpayer involved in this transaction should attach a copy of this ruling letter to the taxpayer's federal income tax return for the taxable year in which the transaction is completed. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

In accordance with the power of attorney on file in this office, a copy of this ruling letter will be sent to your authorized representative.

Sincerely,

Lewis K Brickates
Chief, Branch 4
Office of Associate Chief Counsel (Corporate)

cc: